



State of Washington
Department of Revenue

Excise Tax Advisory

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PURCHASE OF BILLBOARDS: REAL PROPERTY OR TANGIBLE PERSONAL PROPERTY

Issued September 16, 1966

Is the purchase of billboards as a part of an outdoor advertising business a purchase of real property exempt from Use Tax?

The taxpayer purchased an outdoor advertising company. Included in the assets purchased were real estate leases and outdoor signs, poster panels, and painted bulletins erected and maintained on the leasehold premises. The taxpayer contended that the Use Tax was not applicable to the purchase of the signs, as they were a part of the leasehold realty and not tangible personal property.

RCW 82.04.050 includes within the definition of retail sale the sale or lease of tangible personal property but does not include the sale or lease of real property. The Commission held that the billboards erected on the leasehold were tangible personal property and the purchase of the billboards was subject to Use Tax. The signs, though securely affixed to the leasehold, could be removed without serious damage to the real estate. Furthermore, the lease agreements provided that the lessee remained the owner of the billboards and could remove them at any time. Thus, the agreement was evidence that the parties did not consider the billboards to be a part of the real estate. (Order.)

ETBS have been made Excise Tax Advisories, and have retained their old number. Advisories with a 2 (plus three digits) are new advisories, ETBs that have been revised and readopted after review under the Department's regulatory improvement program, or advisories that have been revised and/or readopted.

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Please direct comments to:
Department of Revenue
Legislation & Policy Division
P O Box 47467
Olympia, Washington 98504-7467
(360) 753-4161 eta@DOR.wa.gov